

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT IMMEDIATE

C O N F I D E N T I A L STATE 125244

EXDIS

FOLLOWING REPEAT STATE 125244 (TOSEC 20109) ACTION JIDDA
USDEL SECRETARY EC BRUSSELS INFO CAIRO DTD 29 MAY

QTE

C O N F I D E N T I A L STATE 125244 TOSEC 020109

EXDIS

E.O. 11652: GDS

TAGS: EAID, EGEN, EGY, SA

SUBJ: SAUDI PARTICIPATION IN EMERGENCY AID TO EGYPT

PLEASE PASS TO UNDER SECRETARY ROBINSON AND DEPUTY
ASSISTANT SECRETARY SAUNDERS WITH SECRETARY'S PARTY
1. REQUEST STATUS REPORT TO SECRETARY AND UNDER SECRETARY
ROBINSON IN PARIS AND TO DEPARTMENT AND EMBASSY CAIRO ON
SAG DECISIONS RE PARTICIPATION IN EMERGENCY ECONOMIC
ASSISTANCE TO EGYPT. AMBASSADOR WILL RECALL THAT
PRINCE FAHD AND ABA AL-KHAYL ASSURED UNDER SECRETARY
ROBINSON LAST WEEK THAT PROPOSAL WOULD BE TAKEN UP BY
COUNCIL OF MINISTERS IMMEDIATELY AFTER ABA AL-KHAYL'S
RETURN FROM CAIRO, WHERE HE WAS TO RECEIVE DIRECT
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EGYPTIAN REQUEST LAST SATURDAY.

2. WHILE SAG MAY WISH TO MAKE ITS OWN PUBLIC ANNOUNCEMENT AS TO AMOUNT OF SAUDI EMERGENCY AID, IT WOULD BE HELPFUL IF SAG WOULD AUTHORIZE PRESIDENT FORD TO ANNOUNCE WITH PRESIDENT SADAT AT SALZBURG JUNE 2 THAT UNITED STATES IS JOINING SAUDI ARABIA, IRAN AND OTHER FRIENDS OF EGYPT IN PROVIDING SUBSTANTIAL AID TO MEET EGYPT'S IMMEDIATE BALANCE OF PAYMENTS PROBLEM. WE NEED TO KNOW ON CONFIDENTIAL BASIS WHETHER SAG AGREES TO OUR SUGGESTION THAT SAG AND USG EACH PROVIDE \$250 MILLION IN

ADDITIONAL FINANCING OF IMMEDIATELY REQUIRED GENERAL EGYPTIAN IMPORTS DURING BALANCE OF CY 1975 ON VERY LIBERAL TERMS. WE HOPE THAT SUBSTANTIAL PART OF SAUDI AID WILL BE CASH AVAILABLE FOR SERVICING SHORT TERM DEBTS TO FOREIGN COMMERCIAL BANKS.

3. YOU MAY INFORM SAG THAT IRAN HAS AGREED TO PARTICIPATE BUT SEEKS TO LIMIT ITS SHARE TO \$100 MILLION (IN ADDITION TO RECENTLY PROVIDED \$120 MILLION). WE ARE REOPENING DISCUSSION ON THIS AMOUNT, SUGGESTING THAT IT BE AUGMENTED BY SWITCHING SOME OF OUTSTANDING \$1 BILLION IRANIAN AID OFFER FOR PROJECTYTO NON-PROJECT IMPORT FINANCING. IRAN URGES THAT KUWAIT BE ASKED TO PROVIDE AN ADDITIONAL \$100 MILLION. PER ROBINSON-ABA AL-KHAYL DISCUSSION, WE HOPE THAT GOE AND SAG WILL IMMEDIATELY APPROACH KUWAIT GOVERNMENT ON THIS MATTER, AFTER WHICH WE WILL ASK EMBASSY KUWAIT TO SUPPORT THEIR REQUESTS.

4. REQUEST INFORMATION ON TERMS OF SAUDI AID, AS THIS WILL HAVE BEARING ON IRAN'S TERMS AND ON WHETHER USG LOANS CAN BE ON PLANNED VERY LIBERAL TERMS (40 YEARS, 10 YEAR GRACE PERIOD, 2 PERCENT AND 3 PERCENT INTEREST).

5. FOR JIDDA: FOREGOING INSTRUCTION IS SUBJECT TO ANY COMMENTS AND GUIDANCE YOU MAY RECEIVE FROM SECRETARY'S PARTY. INGERSOLL UNQTE INGERSOLL

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*** Current Handling Restrictions *** EXDIS

*** Current Classification *** CONFIDENTIAL

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